

OFFICE OF THE CITY MANAGER

Noel C. Taylor Municipal Building 215 Church Avenue, S.W., Room 364 Roanoke, Virginia 24011 540.853.2333 www.roanokeva.gov

June 15, 2015

Honorable David A. Bowers, Mayor Honorable David B. Trinkle, Vice Mayor Honorable William D. Bestpitch, Council Member Honorable Ralph E. Ferris, Council Member Honorable Sherman P. Lea, Council Member Honorable Anita J. Price, Council Member Honorable Court G Rosen, Council Member

Dear Mayor Bowers and Members of City Council:

I am pleased to provide you with the Resource Allocation Plan as adopted by City Council for Fiscal Year 2015-16. The adopted General Fund revenue and expenditure estimates both total \$272,051,000.

The adopted budget for FY2016 removes the proposed solid waste fee and adjusts tax rates for Motor Vehicle License, Real Estate and Prepared Food and Beverage.

The Budget Summary section has been revised to reflect the adjustment outlined in the attachment to this letter. With the exception of this item, the content of the City Manager's message remains the same.

Respectfully submitted.

Christyda P. Morill

Christopher P. Morrill

City Manager

C: Daniel I. Callahan, City Attorney Barbara A. Dameron. Director of Finance Stephanie M. Moon, City Clerk

FY2015 - 2016 Adjustments to Recommended Budget

Expenditures

Recommended Budget	\$270,283,000
Adjustments	
Solid Waste Management	6,437,137
Transfer to Schools	636,000
Transfer to Solid Waste Management Fund	(4,342,502)
GRTC	(67,000)
Health Savings Account	(125,000)
Transfer to Reserves	(125,000)
Roanoke Valley Horse Show Sponsorship	(3,600)
Street Paving	(150,000)
Salary Lapse	(247,056)
Budget Contingency	(244,979)
Adopted Budget	\$272,051,000

Revenues

Recommended Budget	\$270,283,000
Adjustments	
Central Business District Collection	66,000
Host Fee - RVRA	100,000
Sale of Recyclables	10,000
Compactor Fees	38,000
BPOL	100,000
Compensation Board	(45,000)
Real Estate Taxes	2,000,000
Prepared Food and Beverage Tax	(704,000)
Motor Vehicle License Tax	203,000
Adopted Budget	\$272,051,000



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April 16, 2015

"The harsh reality is that municipal governments are operating at 90 percent of their pre-recession revenues, with little growth in sight and limited prospects for tapping into growth sectors within their local economies. Balancing local budgets in this environment is an ongoing process of revenue and expenditure choices that affect the types, levels and costs of services provided in a community. These choices often involve tradeoffs, even among investments critical to growth and innovation, such as infrastructure and workforce." (2015 National League of Cities Report, Can Cities Beat the Fiscal Odds.)

Honorable Mayor and Members of City Council:

I am pleased to present to you the Fiscal Year 2015-2016 Recommended Budget, totaling \$270,283,000. It is the culmination of many months of diligent work by our talented employee team, responding to your policy direction. While this document represents one fiscal year, it includes measures that should move Roanoke beyond financial stability to fiscal resiliency for many years into the future.

Continued Effects of Great Recession

You have led Roanoke through many challenges created by the Great Recession which officially ended in 2009 for the national economy, but continues to have lingering effects for many local governments, including Roanoke.

- Business License Tax revenue remains stagnant, even as employment increases and some local businesses are expanding.
- Sales Tax revenue, initially impacted by the economic downturn, continued to be down due to increasing Internet sales. As a result revenue from this important source had declined from \$22 million in 2007 to \$18.6 million in 2011.
- The City's major revenue source, real estate taxes, has been severely impacted by the housing crash with property values flat or declining for several years.

- One of the balancing measures undertaken by the Commonwealth of Virginia was to reduce funding to local governments. Funding declined from \$67 million in 2008 to \$62 million in 2013. In addition, the Commonwealth clawed back approximately \$6.1 million from the City between FY 2009 and FY 2015.
- Although not directly related to the economic downturn, we have less funds to invest in neighborhood improvements because the Federal government has steadily reduced Housing and Urban Development entitlement funding from a high of \$4.5 million in 2003, to \$2.8 million in Fiscal Year 2015.

As a result of these declining revenues, the current General Fund budget is at the same level as in 2008. When adjusted for inflation, the buying power of the city's FY 2014-2015 \$260 million General Fund budget is now \$227.5 million.

Reduced Expenditures to Balance the Budget

At the first sign of the Great Recession, and through the continuing challenges it has created, we have continued to reduce expenditures to provide a balanced budget. These reductions now exceed \$31 million.

These cuts, though necessary, have not been easy. Through attrition, we reduced our workforce by 9% or 164 positions. We've only been able to provide remaining employees a salary increase two of the last five years even though they are working harder and smarter to provide services to our citizens, businesses, and visitors.

Our Five-Year Capital Improvement Plan had to be reduced from \$240 million in 2008 to \$136 million in 2015. We also refocused the capital plan to projects that will better maintain critical infrastructure like bridges and roads, and improve quality of life.

Strategic Investments

We have made major reductions in expenditures while maintaining core services. However, we know that you can't just cut your way to prosperity. Instead, while many of our efforts have been focused on cutting, we have also made strategic investments in the following areas.

- Finding efficiencies, identifying cost savings, and implementing initiatives such as the LEAN/Six Sigma program to improve processes for our customers and reduce waste; this training, provided by Virginia Tech, has received national recognition and should serve our community for years to come.
- Reorganization of the Police Department to better use data and flexibly deploy officers and resources where and when they can be most effective; these improvements have allowed us to continue to drive down the crime rate – now at a 46 year low – while building a stronger working relationship with the community.

- Berglund Center capital maintenance funding: The City has made a commitment to provide much needed upgrades to this vital facility that have also reduced utility costs by more than \$400,000 annually.
- Increased emphasis on tourism through targeted investments like Elmwood Park and regional partnerships: Stronger financial support from localities across the Roanoke region has enhanced the Roanoke Valley Convention and Visitors Bureau's marketing of Virginia's Blue Ridge. These efforts have paid off with an all-time high in the number of visitors, growing lodging and increased meals taxes.
- LED signal head replacements and lighting upgrades: Changes to lighting have significantly decreased both energy use and costs.
- Use of biodiesel in all city diesel vehicles: Not only is this fuel purchased at competitive rates, but it also supports the city's commitment to reduce its carbon footprint.
- Increased funding to K-12 education, even while reducing our own expenditures: We have seen these investments pay off in rising graduation rates.

Resilient Organization

In spite of the challenges faced, we have built a more resilient organization.

- Roanoke's unassigned General Fund balance has grown from \$18 million in FY 2008, to \$27 million in FY 2014.
- Pension reform has reduced the 2020 projected contribution rate as a percent of salaries from 35% to 15% while continuing to provide competitive retirement benefits.
- Funding to Roanoke City Public Schools (RCPS) has grown. A continued commitment to education through the school funding formula provides 40% of local tax dollars to Roanoke City Public Schools. For FY 2014-2015, this formula will provide more than \$77 million in local funds for K-12 education.
- In 2012 the City of Roanoke was named an All-America City for the sixth time which is an honor no other local government in the country has received.
- The city's bond ratings have remained stable and improved. Sound financial
 management has sustained and upgraded the City's bond rating from Standard &
 Poor's from AA to AA+ while the Fitch rating has remained stable. This status will
 continue to put the City in a better position to obtain lower interest rates on future
 bond issuances.

And we cannot help but be encouraged by the new numbers from the Weldon Cooper Center for Public Service Demographics Research Group showing the City's population projected to rebound to 100,000 people. This growth is a direct result of the continued revitalization of our downtown, its residences and businesses.

Challenges Still Lay Ahead

Looking into the future, Roanoke's five-year operating financial plan identifies ongoing challenges. As a result of the slow recovery of local revenues, and without any adjustment to rates or fees, we project an annual structural deficit over the next five years ranging from a low of \$2.4 million to a high of \$3.9 million in 2020. While our efforts over the last five years have been successful, we can no longer sustain basic services and operations at the level that has been provided in the past and continue to build a resilient community. As we prepare the FY 2016 budget, we continue to face major challenges:

- Capital improvements must continue to be made. It is vital that we invest in core infrastructure, streets, bridges, and sidewalks for future years.
- Major equipment like refuse trucks are aging past their useful life, increasing maintenance costs and resulting in service delivery challenges. Replacement of equipment was delayed, when possible, in anticipation of a rebounding of local revenues. The revenues have not rebounded and it is now necessary to invest in equipment replacement.
- With only two salary increases in the last five years and reductions in employee training allocations and tuition reimbursement, we have not been investing in our human resources as we should. As a result, it is difficult to compete with area local government and private sector employers. It is important that we ensure our employees are adequately compensated for their service to the Roanoke community.

Next Steps

Steps must be taken to ensure strategic investments for FY 2016 and beyond. These are based on key areas where the needs are greatest in order to continue our success as a local government. I recommend funding to target the following.

- Roanoke City Public Schools Increase local funding by \$2,616,800 to a total of \$77,154,400
- Human Services Increase funding based on demand for service by \$1,447,365 to a total of \$36,538,543.
- Convention and Visitors Bureau Increase funding according to growth in Lodging Tax revenue by \$144,750, to a total of \$1,600,125
- Public Safety
 - Body Cameras one-time funding of \$50,425 to purchase body cameras and ongoing funding of \$35,926 to support operating costs of the new system.
 - Fire-EMS Peak Unit Increase funding by \$129,180 to support the addition of a second peak-time EMS unit

- Snow Removal An additional \$100,000 to provide a total of \$218,033. In the event of several severe storms, additional funding is available in the General Fund Contingency account.
- Public Libraries Additional funding in the amount of \$131,285 to reinstate 6-day operation of all branch libraries, support printing expenditures for the public and purchase additional books and materials.

Capital Adjustments

- Fleet Replacement An additional \$1,057,887 to provide a total of \$2,771,137 to purchase critical equipment. A major emphasis of the FY2016 replacement plan will be to purchase equipment previously deferred.
- Technology Capital An additional \$300,000 for a total of \$900,000. In FY16 these funds will be used to replace or enhance critical technology infrastructure.
- Capital Building Maintenance An increase of \$400,000 to maintain our building systems. Past investments in this area have reduced energy usage by 17% over six years.

Transportation

- Sidewalk Repair and Maintenance An additional \$150,000 for a total allocation of \$461,859. These funds will assist us in reducing our sidewalk repair backlog.
- Street Paving An additional \$651,000 for a total of \$3,808,679.
 Investments in street repair and paving continue to be important as we focus on maintaining our infrastructure.

Competitive Pay and Benefits

- Salary Increase \$3,381,173 for a 3% general wage increase and to implement a 5% employee contribution to the pension plan.
- Market Competitiveness \$207,878 for jobs 90% or less of market average pay and with a high turnover rate. Examples of these jobs include Benefits Program Specialist I and II, Family Service Specialist, Maintenance Tech I and Technology positions.
- Public Safety Adjustments An additional \$504,853 for targeted funds to address market competitiveness and pay compression.

Recommendations to Balance the Budget

When we started the budget process and first presented the budget in February, we had a budget balance gap of approximately \$10 million; we are now balanced. Between February and today, staff has continued to evaluate expenditure options and revenue estimates, and implement efficiencies.

While we've seen modest growth in some revenues, we are struggling to continue the high level of service and to make strategic investments with \$32.5 million less revenue, when adjusted for inflation, than we had in 2008. The moment of truth has arrived for the City to address these issues head-on, and implement targeted tax and rate

adjustments to sustain our operations and services to the community. In addition, after several years of asking City staff to do more with less and make do with their current salary levels, it is time for employee compensation to be identified as a priority.

In order to have a balanced budget that includes initiatives outlined in this message as well as recognizing the need for strategic investments for the future and beyond, I recommend the following revenue enhancements:

- A 0.75 percent meals tax increase from 5.00% to 5.75%.
- A \$5 increase in the motor vehicle license tax from \$20 to \$25.
- The introduction of a solid waste fee of \$7 per month, per parcel or per bin

Additionally, there is a need to address the five-year capital needs of the City's parking system. As you know, the Parking Fund does not rely on any other sources of funding support other than fees paid through the parking system. Over the past few years, PARK Roanoke has managed city parking facilities effectively. With the recent addition of on-street parking to their management duties, we now have a combined system, which functions more efficiently. Successful PARK Roanoke oversight includes:

- Managing 4,100 parking spaces in seven off-street garages and five off-street lots.
- Managing and enforcing 3,000 on-street parking spaces.
- Providing parking to support downtown commerce, residential development, tourism and student parking.
- Ensuring that revenues generated are sufficient to recover all operating costs and life cycle maintenance of the system.
- Striving to maintain reserve to address capital needs of the Parking Fund.

Rates have not been changed since 2007, and it is time to address these to help ensure the viability of parking facilities' infrastructure and the Parking Fund. As a result, I am recommending increases in parking facility rates to meet capital obligations for the future.

- Increase monthly parking garage rates by \$5 with the exception of the monthly rate for Center in the Square Garage, which should increase by \$20 a month
- Increase residential parking rates to a flat \$20 a month
- Extend the daily maximum rate from \$6 to \$8
- Increase "After 4 p.m." evening flat rates by \$1
 (These exclude the Gainsboro and Higher Education lots)

Roanoke's Future is Bright

It has been a challenging six years since the start of the Great Recession. Through proactive expenditure controls and strategic investments, the City of Roanoke is, in many ways, stronger and more resilient that it was in 2009. Our reserves are up, our bond rating higher, crime rate down, school graduation rate up, population increasing, and the local economy growing. Changing national demographics bode well for Roanoke as

millennials choose to live in urban areas with access to the outdoors. It is our time, but only if we continue to invest in infrastructure like broadband, provide outstanding core services like education and public safety, and build a welcoming community with firstclass amenities. I believe you will find this budget and five year capital plan achieve these goals, ensuring that this really is Roanoke's time.

Roanoke is known as a mountain city and, thus, I believe it appropriate to close with this poem by William Stafford entitled Silver Star.

To be a mountain you have to climb alone and accept all that rain and snow. You have to look far away when evening comes. If a forest grows, you care; you stand there leaning against the wind, waiting for someone with faith enough to ask you to move. Great stones will tumble against each other and gouge your sides. A storm will live somewhere in your canyons hoarding its lightning.

If you are lucky, people will give you a dignified name and bring crowds to admire how sturdy you are. how long you can hold still for the camera. And some time, they say, if you last long enough you will hear God; a voice will roll down from the sky and all your patience will be rewarded. The whole world will hear it: "Well done."

Sincerely,

Christopher P. Morrill

Christoph P. Moull

City Manager



The adopted budget for FY 2015-2016 is \$272,051,000. The total budget increase is \$11,904,000, or 4.57% from FY 2014-2015.

	Adopted <u>Funding Level</u>	Dollar Change <u>from FY 14-15</u>	Percent Change from FY 14-15
General Fund Budget	\$272,051,000	\$11,904,000	4.57%

The following items outline incremental cost adjustments which comprise the balanced budget sorted by priority. Additional summary statements for each offer are included in each priority section.

ORGANIZATION-WIDE EXPENSES - \$3,469,279

Retirement Contribution Decrease – (\$978,000) – Incremental decrease in funding for retirement contribution.

<u>Implementation of Employee Contribution to Retirement - \$590,000</u> – Incremental increase to off-set employee tax implications related to the implementation of a 5% employee contribution to the pension system.

<u>Medical and Dental - \$23,527</u> – Incremental increase due to anticipated fiscal year medical and dental insurance cost increases as well as decrease in assumed costs for compliance with the Affordable Care Act.

VRS - \$20,974 – Incremental increase in funding for Sheriff/Jail employee retiree contribution.

<u>Funding of Reserves – \$125,000</u> – Incremental increase in funding for reserves.

<u>Retirement Health Savings Account – (\$125,000)</u> – Incremental decrease in funding for Roanoke Health Savings Account.

Salary Lapse – (\$250,000) – Projected additional salary turnover savings.

Motor Fuel – (\$421,666) – Projected savings on motor fuel expenses.

Debt Service – \$400,000 – Increase in budgeted debt service funding.

<u>Compensation – \$4,094,444</u> – Increase in funding for compensation including a 3% general wage increase, market adjustment for targeted positions as well as a public safety adjustment to address market competitiveness and compression.

EDUCATION - \$3,409,085

Roanoke City Public Schools - \$3,252,800 – Operating funding for Roanoke City Public Schools increases by \$3,252,800.

<u>Libraries - \$131,285</u> – Funding to support the restoration of hours of service, increase funding for printing supplies used by the public as well as books and materials.

<u>Youth Services - \$25,000</u> – Funding to support the Youth Services Initiative.

SAFETY - \$506,860

<u>Police - \$135,926</u> – Provides funding for overtime expense and the management of body camera equipment.

<u>Fire-EMS - \$231,233</u> – Provides funding for the operation of a second peak-time ambulance, electricity expenses and funding for a duty-based salary supplement.

<u>Sheriff - \$113,227</u> – Provides funding for utility expenses, food services contract cost increases as well as medical contract cost increases.

Residential Juvenile Detention - \$26,474 – Provides additional funding residential detention expenses.

<u>HUMAN SERVICES - \$1,545,159</u>

<u>Human Services - \$1,545,159</u> – Provides additional funding for the Comprehensive Services Act, Adoption expenses (100% state), Youth Haven facility rent and a Family Services Specialist based on state funding availability.

INFRASTRUCTURE - \$2,508,887

<u>Fleet Management – \$1,057,887</u> – Increase in funding for vehicular and equipment replacement.

Technology – \$300,000 – Increase in funding for technology capital expenses.

Building Maintenance – \$400,000 – Increase in funding for capital building maintenance activities.

Paving – \$501,000 – Increase in funding for paving activities.

Sidewalk Maintenance – \$150,000 – Increase in funding for sidewalk maintenance activities.

Snow Removal – \$100,000 – Increase in budget funding for snow removal activities.

GOOD GOVERNMENT – \$110,396

<u>Finance - \$84,872</u> – Increase in funding for costs associated with EMS fee collections and a Collection Specialist to support the collection of EMS fees.

Human Resources - \$15,000 – Provides additional funding for employee tuition reimbursement expenses.

Office of Communications - \$10,524 – Provides funding for website maintenance.

LIVABILITY - \$76,595

<u>Parks and Recreation - \$76,595</u> – Increase in funding to provide for utility expenses as well as park management.

OUTSIDE AGENCIES - \$443,922

<u>Convention and Visitors Bureau – \$144,750</u> – Additional funding to provide the Convention and Visitors Bureau with 3% of the transient occupancy tax for marketing and promotion of the region based on revenue estimate.

<u>District Taxes - \$26,000</u> – Increase in funding for Williamson Road and Downtown tax districts.

<u>Greater Roanoke Transit Company (GRTC) – \$58,000</u> – Increase in operating subsidy.

Market Building Support - \$150,000 - Provides for support of operations.

<u>Regional Center for Animal Control and Protection - \$57,601</u> - Provides for additional support for regional center based on utilization.

<u>Roanoke-Alleghany Regional Commission - \$11,171</u> – Increase in funding for the Roanoke-Alleghany Regional Commission.

<u>Roanoke Valley Horse Show – (\$3,600)</u> – Decrease in sponsorship funding for the Roanoke Valley Horse Show.

ECONOMY - (\$72,975)

<u>Performance Agreements – (\$150,000)</u> – Decrease in budgeted funding for performance agreement expenditures.

<u>Broadband Authority – \$77,025</u> – Increase in budgeted funding for support of the Broadband Authority.

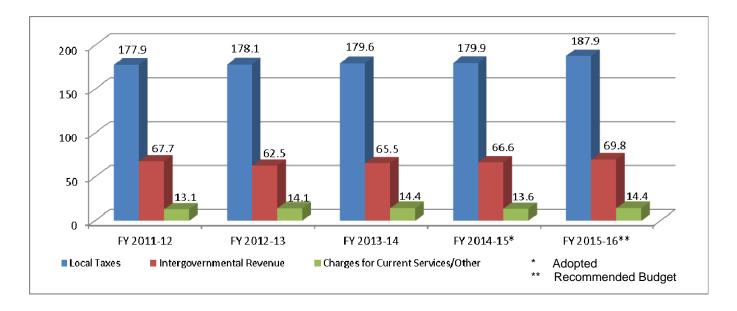
OTHER - (\$93,208)

Other – (\$93,208) – Decrease in budgeted funding for other expenditures.

Revenue estimates are developed using a conservative and practical approach based on general economic conditions, historic experience, and expected changes in activities and services. The Department of Finance is responsible for the revenue estimate or income side of the budget while the City Manager's office and areas of responsibility define the expenditure side of the budget. The separation of duties provides independence in the process for both revenue and expenditure development during the budget process.

GENERAL FUND REVENUES:

(Dollars in Millions)



General Fund FY16 estimated revenues total \$272,051,000, an increase of \$11.9 million, from the FY15 adopted budget. The increase was attributable to economic growth and tax rate increases in several local taxes. General property taxes increased \$3.7 million and Intergovernmental revenues increased \$3.2 million, both positive economic indicators. The chart shown above illustrates a five-year General Fund revenue trend for the City of Roanoke. Revenues are divided into three major categories: (1) Local Taxes, (2) Intergovernmental Revenue (State and Federal), and (3) Charges for Services/Miscellaneous. More detailed trend information for these three categories is presented in the following pages.

An analysis of changes in the three major categories of revenue as compared to the Adopted FY15 Revenue Estimate is as follows:

A. <u>LOCAL TAXES</u> \$8,065,000

Local taxes are the largest category of revenues for the City. Local taxes will comprise 69% of all FY16 General Fund revenues. Changes in major revenues or categories of revenue are noted below.

- Real Property \$2,660,000 -The real estate tax is the single largest source of revenues for the City of Roanoke. The City Council approved an increase in Real Estate Tax from \$1.19 per \$100 of assessed value to \$1.22, effective July 1, 2015, resulting in a 3.4% revenue increase in FY16. Important elements of Roanoke's real estate taxation system are programs that provide relief to certain taxpayers or on selected types of properties. For FY16 this relief is estimated at \$2.5 million and is comprised of relief to the elderly and disabled taxpayers including some Veterans of \$408,000, relief on agricultural properties of \$63,000, and relief for properties under rehabilitation of \$1.7 million. Additionally, leased and energy efficient properties receive tax exemptions totaling \$310,000. These relief programs are intended to benefit those on fixed incomes or with limited ability to cover the costs of increased taxes or to provide incentives for owners who invest in the rehabilitation of aged properties. The City's real estate taxes are due annually in two installments, October 5th and April 5th.
- 2. <u>Personal Property \$502,000</u> The personal property tax is the third largest local tax. In FY16, an increase of 2.5% is projected in the personal property tax compared to the FY15 adopted budget. The projected increase in FY16 is due to increased personal and business equipment owned by individuals and businesses. Annual assessments of the personal property tax are made in early April, and the tax due date is May 31st.
- 3. <u>Public Service Tax \$238,000</u> A major contributor to this categorical increase is public service corporations' real estate and personal property taxes. Public service corporations are assessed annually by the Commonwealth and are projected to increase 4.9% over FY15.
- 4. <u>Sales Tax \$1,262,000</u> Sales tax is Roanoke's second largest local tax, and it is expected to increase when compared to the FY15 adopted revenue estimate. Sales tax has performed very well in the current year as lower gasoline prices and employment gains provide a stimulus to consumer spending and contribute to economic growth. However, the lack of growth in wages and the speculation of an increase of interest rates remain threats to the future performance of sales tax. As a result, the FY16 revenue estimate projects a 6.4% increase in FY15, followed by slight growth of 0.2% in FY16.
- 5. <u>Transient Occupancy Tax \$386,000</u> This tax is a consumer-driven revenue source and its performance is impacted by tourism and consumer confidence. The estimate includes projected revenue growth of 6.9% in FY15, followed by 3.0% growth in FY16.
- 6. Prepared Food and Beverage Tax \$1,817,000 In an effort to manage continuing budget challenges, the City's FY16 revenue estimate includes an increase in the meals tax rate from 5.0% to 5.5% effective FY16. This tax is also a consumer-driven source of revenue. In a growing economy, this tax continues to perform well and reflects a 3.3% increase for FY15 and an additional 13.3% increase for FY16, after implementing the new tax rate.
- 7. <u>Motor Vehicle License Tax</u> \$617,000 The tax is imposed on all motor vehicles that are titled with the Department of Motor Vehicles (DMV) and garaged in the City of Roanoke. Included in this revenue estimate is an increase in this tax rate from \$20 to \$28 for each license in FY16, resulting in a 28.8% revenue increase over FY15 as adopted.
- 8. Other \$583,000 Local taxes not individually described include business license, bank franchise taxes, cigarette tax, penalties and interest, consumer utilities, recordation and probate, admissions, communications tax and franchise fees. The estimated increase in this area is mainly related to higher business license, bank franchise tax and recordation and probate tax, partially offset by lower cigarette and communications tax revenue in FY16.

B. INTERGOVERNMENTAL REVENUE

\$3,153,000

This revenue category is primarily comprised of State funds designated for specific programs. Generally, there is little local discretionary use of these funds, much of which is paid to the City on a reimbursement basis. This category represents 26% of total revenue for the General Fund. The FY16 revenue estimate is projected to increase 4.7% from the FY15 adopted budget and is primarily a result of the reimbursement of social services expenditures and increased street maintenance funding. The major categories of intergovernmental revenues are discussed as follows:

- Social Services \$1,267,000 Social services revenues in FY16 are projected at approximately \$29.2 million, a sizable component of the City's funding from the Commonwealth. This funding covers foster care, the Children's Services Act (CSA), employment services and other social services programs. These revenues are largely reimbursement based, and the City adopts an expenditure budget adequate to fund the state and local share of these programs. The increase in this revenue category is primarily a result of increased reimbursements related to higher adoption and children's services costs.
- 2. Other Federal and State Aid \$1,886,000 This category consists primarily of street maintenance, personal property tax relief, rental car tax, Law Enforcement-HB599, E911 wireless and Virginia Juvenile Community Crime Control Act (VJCCCA) funding. The increase in this category is attributed to an increase in street maintenance funding from the Virginia Department of Transportation (VDOT).

C. CHARGES FOR SERVICES/MISCELLANEOUS

\$686,000

The Charges for Services/Miscellaneous category is the smallest revenue category. Most of the revenue in this category is generated from fees charged for services rendered to our citizens. This category comprises only 5% of General Fund revenues. The major charges for services categories are discussed as follows:

- 1. <u>Permits, Fees, and Licenses \$59,000</u> This category of revenue is comprised mainly of inspection fees and permits related to the construction industry. An increase of 5.2% is expected based predominantly on an increase in stormwater management permits.
- 2. <u>Public Safety Charges for Services \$492,000</u> This category of revenue is comprised of emergency medical service charges as well as other fees charged by the Police and Fire departments. The increase in this budget is primarily a reflection of increased revenues anticipated for Emergency Medical Services billings.
- 3. <u>Interfund Services \$235,000</u> Revenues in this category consist of charges for services provided to the school board for resource officers as well as the school share of CSA charges and audit services. Also included in this category are charges for building maintenance, engineering, employee health and bus shuttle services. The increase in this area is mainly the result of an increase in the School's share of CSA payments.
- 4. <u>Sheriff/Jail, Charges for Services \$(285,000)</u> The revenue decrease in this category is mainly due to reduced fees for housing fewer federal prisoners.
- 5. <u>All Other Charges/Miscellaneous \$185,000</u> Revenues in this category include fines and forfeitures, recreational program charges, human services charges, grants and donations, sale of property and miscellaneous revenues which may be nonrecurring. The increase anticipated in FY16 is due to the increase in recreational program charges, miscellaneous program fees and human services charges.

PROPRIETARY FUND REVENUES:

A. **ENTERPRISE FUNDS**:

- 1. <u>Civic Facilities Fund</u> Estimated FY16 revenues for the Civic Facilities Fund total \$4,864,605. Revenue is comprised of operating revenues of \$2,725,715 and a General Fund supplement of \$2,138,890. These revenues will fund total operating expenses of \$3,272,780 and \$1,591,825 in principal and interest payments due in fiscal year 2016.
- 2. Parking Fund The City owns seven parking garages and several parking lots to provide for parking in the downtown area. In addition, parking ticket enforcement is included in the Parking Fund to align all parking strategies into one area of responsibility. Estimated FY16 revenues generated from the City's parking facilities through user fees and ticket violations will total \$3,495,000. The projected revenues will fund operating costs of \$2,104,445 and FY16 principal and interest payments of \$1,390,555.
- 3. <u>Stormwater Utility Fund</u> Estimated FY16 revenues for the Stormwater Utility Fund total \$4,548,573 and are comprised of \$3,741,985 operating revenues and a General Fund supplement of \$806,588. These revenues will fund total operating expenses of \$4,052,025 and \$496,548 in principal and interest payments due in fiscal year 2016.

B. INTERNAL SERVICE FUNDS:

- 1. <u>Department of Technology (DOT)</u> Estimated FY16 revenues of the Department of Technology total \$6,777,425. These are comprised of billings to user funds and departments of \$4,760,165 for information technology and telephone and radio services and outside third party billings of \$2,017,260. These revenues will fully fund the FY16 operational costs of the department of \$5,391,485, principal and interest payments of \$435,940, \$900,000 for capital outlay, and add \$50,000 to the Telephone Replacement Reserve.
- 2. <u>Fleet Management</u> Fund revenues will total \$6,719,158 for FY16. These consist of charges for services of \$6,619,158, and surplus sale revenues of \$100,000. These revenues will fund FY16 department operating costs of \$3,948,021, capital outlay of \$2,671,137 and a reserve for future capital outlay of \$100,000.
- 3. <u>Risk Management</u> The primary activity of this fund is to record health insurance premiums billed to other funds and related claim payments under the City's employee medical plan. Additionally, the City's self-insured workers' compensation and general and automotive liability plans are recorded in this fund. Projected FY16 revenues and expenses for this fund total \$15,756,089.

Revenue Adjustments

Fee Title	Current Fee/Rate	Proposed Fee/Rate	Incremental Revenue	Description
Prepared Food and Beverage Tax	5.00%	5.5%	\$1,407,000	Increase in local tax
Motor Vehicle License Tax	\$20	\$28	\$713,000	Increase in per vehicle rate
Real Estate Tax	\$1.19 per \$100 Assessed Value	\$1.22 per \$100 Assessed Value	\$1,955,000	Increase in local tax

Library Fee Adjustments

Fee Title	Current Fee/Rate	Proposed Fee/Rate	Incremental Revenue	Description
Community Room Rental (Gainsboro, Jackson Park and Raleigh Court	\$50/hour (residents) \$100/hour (non- residents)	\$50/hour	Minimal	Addition of Raleigh Court
Main Library Reading Porch -Library opening	N/A	\$50/hour	Minimal	New rates
to 5pm		φ50/H0u1		
-5pm to Library close		\$100/hour		
-Used with Elmwood Park events after		\$250		
5pm -Used with		\$400		
Elmwood Park events all day -Elmwood Event Use Daytime (8am- 5pm)		\$250		

Library Fee Adjustments

Fee Title	Current Fee/Rate	Proposed Incremental Revenue		Description
Library Fax Charges Sending Faxes Receiving Faxes	N/A N/A	\$3 for 1 st page; \$1 per additional page \$1 for 1 st page; \$1 per additional page	Minimal	Addition to Compendium
Library Fines Books (print and audio) – Hot Picks	N/A	\$1/day; \$5 maximum	Minimal	Addition to Compendium
Magazines	N/A	\$0.10/day; \$1 maximum		
Miscellaneous Charges			Minimal	Adjusting rates
Damaged or Lost Audiobook Case	\$1	\$15		
Each Damaged or Lost Disc –	\$10	\$15		
Audiobook Damaged/Lost Disk, Case or Media Bag	\$1	\$5		

Berglund Center Rental Rates

Fee Title	Current Fee/Rate	Proposed Fee/Rate	Description
Berglund Center Rental Rates -Coliseum -Berglund Performing Arts Theatre -Berglund Hall	\$3,750 \$1,750 \$950	\$4,000 \$2,000 \$1,200	Increase in rental rates

Parking Fund Rate Adjustments

Parking Rate Types	Current	Proposed	Net Impact
Increase monthly rates \$5/month*; Residential to flat \$20/month	\$2,222,326	\$2,355,657	\$133,330
Extend daily maximum rate from \$6.00 to \$8.00	\$294,750	\$384,625	\$89,875
Increase After 4pm evening flat rates by \$1.00	\$118,116	\$162,408	\$44,292
*Excludes Gainsboro & Higher Ed Lot; Center in the Square Garage monthly rate increases by \$20/month			